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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35926]

San Joaquin Valley Railroad Co.—Amended Lease and Operation Exemption—Sunset
Railway Company

San Joaquin Valley Railroad Co. (SJVR), a Class III rail carrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.41 to continue to lease and operate approximately 19.75 miles of rail line from Sunset Railway Company (Sunset) between milepost 0.05 at Gosford, Cal., and milepost 19.8 at Levee, Cal.

In 1997, SJVR entered into a lease with Sunset under which SJVR leased the line between milepost 0.05 at Gosford and milepost 36.3 at Taft, Cal.¹ The portion of the line between the current endpoint in Levee at milepost 19.8 (previously reported as milepost 20.0) and milepost 36.3 was abandoned by Sunset and discontinued by SJVR.² SJVR and Sunset have now reached agreement on an amended and restated lease that would

¹ See San Joaquin Valley R.R.—Acquis. & Operation Exemption—Sunset Ry., FD 33404 (STB served June 18, 1997) (milepost corrected by decision served on June 27, 1997).

² See Sunset Ry.—Aban. Exemption—in Kern Cnty., Cal., AB 170 (Sub-No. 1X) (STB served Dec. 21, 2004).

extend the term of the lease through December 21, 2019,³ and would make other changes to the original lease.

SJVR certifies that neither the amended lease nor the original lease from 1997 include an interchange commitment. Additionally, SJVR certifies that the projected annual revenues as a result of this transaction will not result in the creation of a Class II or Class I rail carrier, but that its projected annual revenues will exceed \$5 million. Accordingly, SJVR is required, at least 60 days before this exemption is to become effective, to send notice of the transaction to the national offices of the labor unions with employees on the affected lines, post a copy of the notice at the workplace of the employees on the affected lines, and certify to the Board that it has done so. 49 C.F.R. § 1150.42(e).

SJVR, concurrently with its notice of exemption, filed a petition for waiver of the 60-day advance labor notice requirement under § 1150.42(e), asserting that: (1) there will be no changes for any employees working on the leased premises because SJVR already leases the line and has been the sole common carrier operator since 1997; and (2) no employees of Sunset have worked on the line since before 1997. SJVR's waiver request will be addressed in a separate decision.

³ This amended lease agreement provides for the lease to renew automatically for five successive five-year terms unless either party delivers written notice of its desire not to renew the lease not less than 180 days prior to the end of the initial or any subsequent five-year term.

SJVR states that it intends to consummate the transaction on or shortly after the effective date of this transaction. The Board will establish in the decision on the waiver request the earliest date this transaction may be consummated.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than June 10, 2015.

An original and 10 copies of all pleadings, referring to Docket No. FD 35926, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on applicant's representative, Eric M. Hocky, Clark Hill PLC, One Commerce Square, 2005 Market Street, Suite 1000, Philadelphia, PA 19103.

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Decided: May 29, 2015.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.